



Director of  
Central  
Intelligence

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# National Intelligence Daily

*Saturday*  
*27 January 1979*

State Dept. review completed

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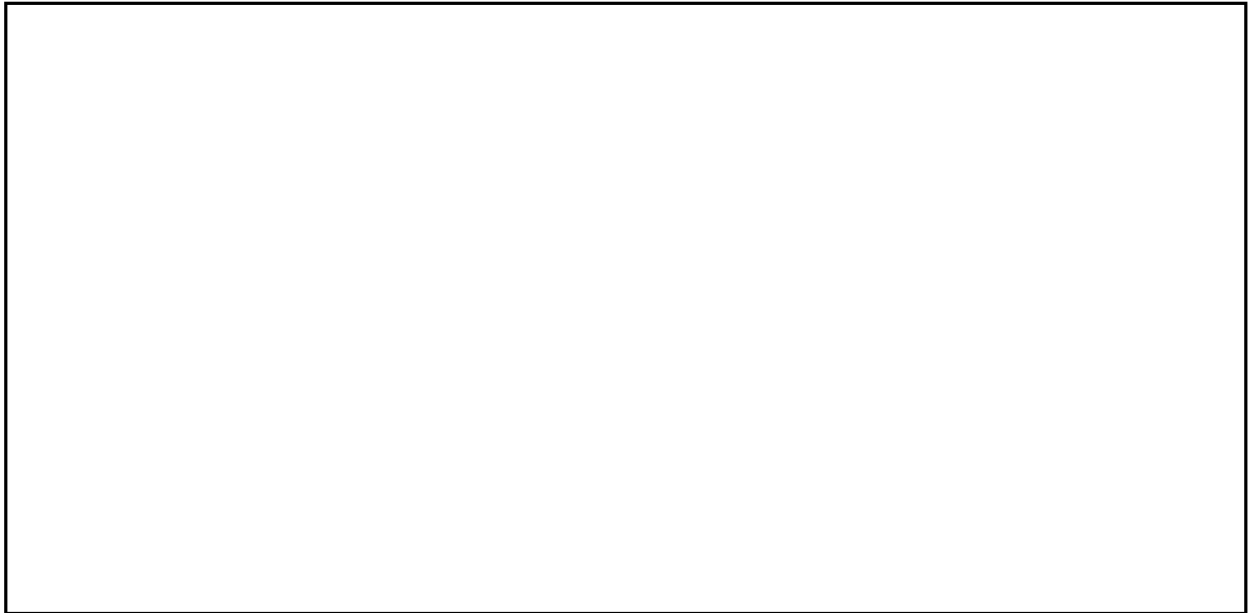
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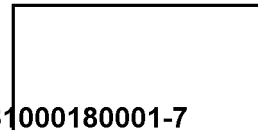
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USSR: Effects of Fuel Crisis in Armenia

*The Armenian Soviet Socialist Republic is bearing the brunt of the two-month halt in Iranian natural gas deliveries to the USSR. The resulting gas shortage totals nearly 1 billion cubic feet a day--about one-fourth of the area's energy consumption--and is forcing Moscow to convert gas burning facilities to oil, cut back in energy consumption, and manipulate energy exports.*

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The halt in gas imports has forced industries and central heating plants in Armenia's major cities such as Yerevan to cut back sharply on heat supply. Neighboring republics--Georgia and Azerbaijan--are also feeling the effects of the fuel shortages during this colder than normal winter.

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Moscow, apparently not expecting a quick resumption of gas shipments, is instituting emergency measures to find fuel supplies. Underground gas storage reserves are being drawn down. Pipeline flows have been reversed, bringing in gas from the north. In addition, electric power plants and boilers are being converted from gas to oil.

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The conversion of industrial boilers and heating plants from gas- to oil-fired systems is fairly simple technically but could take a month or more. Shortages of necessary valves, pumps, storage tanks, and skilled workers are delaying the conversion process. In contrast, many large power plants in the region are designed to burn either fuel and can be switched from gas to oil quickly.

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The substitution of oil for gas in the Transcaucasus Republics during this fuel crisis is likely to reduce oil exports from the Black Sea port of Batumi by about 40,000 to 50,000 barrels per day. The Soviets, however, will continue to honor their contracts for oil deliveries to the West and could offset any localized reductions by stepping up shipments from other nonaffected Black Sea ports.

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

France-Iran

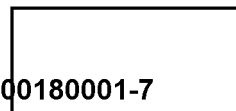
The US Embassy in Paris reports that while the French Government continues to maintain a low profile on Iran, it now is privately expressing a new-found respect for Prime Minister Bakhtiar and is increasingly disenchanted with Ayatollah Khomeini and his chances to attain the dominant political role. The Embassy adds that Foreign Minister Francois-Poncet developed these themes yesterday in a backgrounder for members of the US media. In a talk with an Embassy official on Thursday, one of Francois-Poncet's deputies [redacted] [redacted] admitted that Bakhtiar has proven to be tougher and more able politically than the French had anticipated. [redacted]

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North Korea - South Korea

Pyongyang radio today reported a counterproposal to yesterday's South Korean statement calling for a working-level meeting prior to June--North Korea's suggested date--on prospects for reunification. The North Koreans are now agreeable to holding such a session "as early in April as possible." This latest statement, which again was issued in the name of the Fatherland Front, acknowledges that "authorities" from each side should participate in the meeting and asserts that the Front also will invite "parties and mass organizations at home and abroad." [REDACTED]

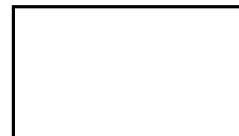
COMMENT: *The timing of the rapid exchange of proposals reflects the high interest both sides have in projecting a flexible image on the eve of the visit to the US by Chinese Vice Premier Deng Xiaoping (Teng Hsiao-ping). Pyongyang's bid to control the composition of the South Korean delegation will be difficult for Seoul to accept.* [REDACTED]

USSR-Italy

The US Embassy in Rome reports that Soviet Foreign Minister Gromyko, who yesterday completed an official visit to Italy, raised Soviet concerns over Western arms sales to China on Thursday with Prime Minister Andreotti. The Prime Minister said that such sales tend to create difficulties for the seller and made pointed reference to the Soviets' experiences with Egypt and Somalia. [REDACTED]

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Israel-Romania

Jerusalem radio reported yesterday that ministerial-level economic talks between Israel and Romania will open in Jerusalem next week. According to the broadcast, the Israelis will be seeking to reduce their trade deficit with Romania--more than \$26 million last year. 

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COMMENT: Although Romania accounts for an insignificant share of Israel's overall trade, this link does have some political value for both sides. 

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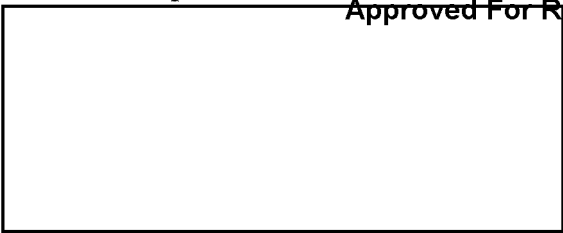


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